Travel Accommodation - Vietnam

Euromonitor International : Country Sector Briefing

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TRAVEL ACCOMMODATION IN VIETNAM

HEADLINES

- It is estimated that there are around 4,500 travel accommodation outlets in 2009
- There is inequality in the distribution of hotels among big, coastal cities and mountainous and country areas
- Average cost per bed night decreased rapidly due to hotels' promotional campaigns to attract more tourists in the event of financial recession and the Swine Flu pandemic
- More luxury hotels are being built in 2009
- Budget hotels enjoy great growth rates

TRENDS

- While in 2008 the country faced a serious supply shortage of travel accommodation, in 2009, Vietnam faced a different problem: too many vacant hotel rooms. Due to global recession and the high rate of inflation, people had to tighten their belts and spend money on other priorities rather than travelling. The Swine Flu pandemic also reduced the number of tourists.
- In 2009, it is estimated that there are 4,500 travel accommodation outlets in Vietnam; an increase of 4% in comparison with the year 2008. Whereas the number of tourists coming to Vietnam decreased by 12% and domestic tourism declined by 3%, causing a surplus in hotel rooms.
- In order to stimulate demand, hotels all over the country, especially luxury ones, had to reduce room prices by 30%. As a result, more tourists came to Vietnam but they still could not fill all the vacant rooms.
- On-line booking for travel accommodation has developed rapidly compared to 2008. It is estimated that hotels have earned about VND2.1 trillion via on-line booking; an increase of around 11%.

HOTELS

- There has been inequality in the distribution of hotels in recent years. In Vietnam most hotels are located in big cities or near the beaches whereas in mountainous or country area, there is a serious shortage of travel accommodation. In 2009, there are only about 140 hotels in mountain/country areas as opposed to about 2,394 hotels located at the beach. More luxury hotels are being built at the beaches making the difference even bigger.
- Ho Chi Minh, the biggest city in Vietnam, has long led the list of must-see places. Ho Chi Minh is a busy, modern, yet beautiful city. There are about 880 hotels in Ho Chi Minh city, 11 of which are 5-star hotels. Since it is the centre of the economy, the need for luxury hotels is really high. Almost all MICE business is carried out there. There are about 277,000 hotel rooms in Ho Chi Minh City, and in 2009, the city welcomed almost two million tourists. Many luxury hotels had to reduce their prices in order to compete with budget hotels. For example, New World Legend hotels ran a campaign, offering rooms for half price to Vietnamese tourists and 30% off for international tourists. In 2009, the average occupancy rate is about 80% with revPAR at about US$136.
- Ha Noi, the capital of Vietnam is the second most popular city. There are about 625 hotels (eight of which are 5-star hotels) consisting of 126,000 hotel rooms. In 2009, Ha Noi greeted 980,000 tourists. Hotel room prices were reduced by 20%. Therefore, the average occupancy rate is about 80%, with revPAR at about US$159.
- It is very difficult for chain hotel to expand because most chain hotels are luxury ones which need big investment and take a long time to build. Therefore, in 2009, there were about 165 new hotels, about 160 of which were small- or middle-sized hotels.

COMPETITIVE LANDSCAPE

- SaigonTourist Holding Corporation continues to be the leading accommodation provider in 2009. SaigonTourist owns 56 hotels nationwide, which bring in approximately US$500 million in 2009, accounting for 22% of hotel value sales. At the end of the review period, SaigonTourist was considering buying five luxury hotels in the US, Japan and in other countries. In order to deal with the recession, SaigonTourist was willing to reduce prices of hotel rooms by at least 15% and tour prices by at least 20%.
- For budget and mid-brands, they cannot compete with luxury hotels in terms of service and quality of rooms. Therefore, they compete with each other for a larger slice of the pie. They all reduce prices and eventually the winners are the ones with the nice location and that catch tourists' eyes more easily.
- More luxury hotels are being built in 2009. Hopefully, there will be a first 6-star hotel in Vietnam in Vinpearl, Nha Trang. And soon enough, there will be a race among big companies and brands for the biggest share among hotels.

PROSPECTS

- There will be a race for business among luxury hotels in 2010 due to the fact that many of them are being built now and will start trading in 2010.
- For newly-built hotels, they can expect a loss in the first few months. After that, their sales will go up again. Most new hotels offer promotions of low room rates during their first few weeks to attract tourists. Other hotels, in response, will try to reduce their rates or offer more promotions to keep their own tourists.
- In the long run, discounting price competition among the hotels will cause a lot of damage to travel accommodation operators. They can only reduce the rate to a certain amount because if they reduce it further, they do not make any profits no matter how many tourists they attract. Therefore, in the future, it is predicted that room rates will increase gradually.
- It is estimated that there will be about 5,600 hotels of all kinds by 2014; an increase of 24% compared to 2009. In addition, with this growth rate, in 2014, there will be about 55 luxury hotels in Vietnam.

CATEGORY DATA

Table 1 Travel Accommodation Sales by Sector: Value 2004-2009

VND bn

	2004	2005	2006	2007	2008	2009
Hotels	16,015.8	17,448.2	20,484.5	27,819.3	30,831.5	26,304.5
- Chained Hotels	12,031.8	13,225.7	15,607.5	22,066.3	24,537.7	21,025.3
- Independent Hotels	3,984.1	4,222.5	4,876.9	5,753.0	6,293.8	5,279.2
Other Travel Accommodation	4,091.9	4,362.1	4,666.4	5,545.2	5,893.8	5,575.9
- Campsites	-	-	-	-	-	-
- Chalets	-	-	-	-	-	-
- Guesthouses	2,493.4	2,619.6	2,950.4	3,662.6	3,878.7	3,646.9
- Hostels	-	-	-	-	-	-
- Motels	643.4	708.2	828.6	958.2	1,037.7	974.5
- Private Accommodation	-	-	-	-	-	-
- Self-Catering Apartments	110.6	112.9	123.2	139.7	156.6	154.3
- Other Other Travel Accommodation	844.5	921.3	764.1	784.6	820.7	800.2
Total	20,107.7	21,810.3	25,150.8	33,364.4	36,725.3	31,880.4

Source: Euromonitor International

Table 2 Travel Accommodation Outlets by Sector: Units 2004-2009

outlets

	2004	2005	2006	2007	2008	2009
Hotels	2,849	2,872	3,406	3,493	3,552	3,675
- Chained Hotels	1,140	1,156	1,565	1,602	1,631	1,660
- Independent Hotels	1,709	1,716	1,841	1,891	1,921	2,015
Other Travel Accommodation	861	862	842	787	807	846
- Campsites	-	-	-	-	-	-
- Chalets	-	-	-	-	-	-
- Guesthouses	306	307	298	251	260	272
- Hostels	-	-	-	-	-	-
- Motels	159	132	105	91	90	103
- Private Accommodation	-	-	-	-	-	-
- Self-Catering Apartments	25	25	22	16	13	13
- Other Other Travel Accommodation	371	398	417	429	444	458
Total	3,710	3,734	4,248	4,280	4,359	4,521

Source: *Euromonitor International*

Table 3 **Travel Accommodation by Broad Sector: Number of Rooms 2004-2009**

'000 rooms

	2004	2005	2006	2007	2008	2009
Hotels	69.6	84.4	107.6	170.6	227.4	229.5
Other Travel Accommodation	14.8	17.7	22.4	14.3	16.6	18.0
Total	84.3	102.1	130.0	184.8	244.0	247.5

Source: *Euromonitor International*

Table 4 **Regional Hotel Parameters 2009**

Unit

	5-star	4-star	3-star	2-star	1-star	Unrated
An Giang	1.0	7.0	5.0	29.0	50.0	471.0
Da Nang	2.0	2.0	16.0	21.0	32.0	247.0
Hanoi	9.0	6.0	23.0	92.0	72.0	525.0
Ho Chi Minh City	12.0	8.0	29.0	58.0	211.0	625.0
Hue	3.0	7.0	13.0	18.0	25.0	212.0
Lam Dong	1.0	12.0	31.0	37.0	195.0	658.0
Phu Quoc	1.0	3.0	4.0	3.0	15.0	38.0
Quang Nam	2.0	7.0	7.0	32.0	41.0	192.0
Quang Ninh	-	1.0	3.0	22.0	13.0	26.0
Sapa	-	1.0	1.0	2.0	7.0	41.0

	Number of rooms '000	Number of beds '000	Occu-pancy rate %
An Giang	15.2	-	61.4
Da Nang	7.5	-	43.7
Hanoi	17.7	-	48.2
Ho Chi Minh City	34.1	-	55.1
Hue	5.4	-	38.4
Lam Dong	20.1	-	71.3
Phu Quoc	2.8	-	47.3
Quang Nam	6.7	-	53.6
Quang Ninh	1.0	-	50.8
Sapa	0.8	-	79.3

Source: *Euromonitor International*

Table 5	**Travel Accommodation Sales: Internet Transaction Value 2004-2009**					
VND bn	2004	2005	2006	2007	2008	2009
Internet	383.8	577.5	881.2	1,310.8	1,884.7	2,122.9
- Direct Suppliers	299.5	448.8	679.5	1,004.0	1,435.2	1,594.4
- Intermediaries	84.3	128.7	201.7	306.9	449.5	528.5
Others	19,723.9	21,232.7	24,269.7	32,053.6	34,840.6	29,757.4
Total	20,107.7	21,810.3	25,150.8	33,364.4	36,725.3	31,880.4

Source: Euromonitor International

Table 6	**Hotel National Brand Owners by Market Share 2004-2009**					
% retail value rsp Company	2004	2005	2006	2007	2008	2009
SaigonTourist Holding Co	15.7	18.9	22.1	22.2	25.9	29.1
Accor Group	3.5	4.7	5.5	5.7	6.4	7.3
Victoria Hotels & Resort Group	0.7	0.9	1.1	1.2	1.3	6.6
Swiss Belhotel International (SBI)	0.6	0.8	1.2	1.2	1.4	4.2
Furama Hotels & Resorts International (FHRI)	0.4	0.5	0.6	0.6	0.8	0.9
OSC Vietnam Tours	0.5	0.4	0.3	0.3	0.3	0.2
Others	78.5	73.8	69.1	68.8	64.0	51.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International

Table 7 Hotels National Brand Owners by Key Performance Indicators 2009

	Average daily room rate (Local currency)	Number of outlets	Number of rooms ('000 rooms)	Occu-pancy rate%	revPAR (Local currency)	Sales per outlet (Local currency million)
Caravelle	5,500,000.0	1.0	0.3	70.0	3,850,000.0	1,056,955.6
First hotel	1,590,000.0	1.0	0.1	69.0	1,097,100.0	642,201.6
Furama Resort Danang	2,855,000.0	1.0	0.2	88.0	2,512,400.0	247,350.3
Golden Sand Resort Hoi An	2,315,000.0	1.0	0.1	76.0	1,759,400.0	163,851.7
Hanoi Horison Hotel	3,990,750.0	1.0	0.3	79.0	3,152,692.5	193,775.0
Majestic	2,559,503.0	1.0	0.2	81.0	2,073,197.4	737,830.4
Mithrin Hotel Ha Long	937,822.2	1.0	0.1	92.0	862,796.4	750,047.5
New World	7,962,551.7	1.0	0.5	76.0	6,051,539.3	971,530.0
Novotel Coralia Ocean Dune & Golf Resort	1,615,004.1	1.0	0.1	84.0	1,356,603.4	185,261.8
Novotel Dalat City Hotel	1,535,400.5	1.0	0.1	86.0	1,320,444.4	207,551.4

Novotel Garden Plaza Saigon Hotel	2,070,511.7	1.0	0.2	76.0	1,573,588.9	198,501.4
Rex	3,885,102.3	1.0	0.3	81.0	3,146,932.9	301,173.6
Saigon- HaLong hotel	3,095,741.3	1.0	0.2	87.0	2,693,294.9	479,512.4
Sheraton Saigon	5,330,074.3	1.0	0.5	78.0	4,157,458.0	1,533,864.3
Sofitel Dalat Palace Hotel	850,571.3	1.0	0.0	96.0	816,548.4	91,629.3
Sofitel Metropole Hanoi Hotel	4,159,915.6	1.0	0.2	74.0	3,078,337.5	319,513.4
Sofitel Plaza Hanoi Hotel	6,221,095.4	1.0	0.3	82.0	5,101,298.2	529,510.6
Sofitel Plaza Saigon Hotel	4,605,712.3	1.0	0.3	76.0	3,500,341.3	369,502.0
Song Hong- Song Huong Hotel	1,125,940.6	1.0	0.1	41.0	461,635.6	1.0
Thang Muoi Hotel	1,599,125.6	1.0	0.1	43.0	687,624.0	32,453.0
Victoria Can Tho Resort	650,850.0	1.0	0.1	53.0	344,950.5	87,514.5
Victoria Chau Doc Hotel	690,513.6	1.0	0.1	58.0	400,497.9	871,052.3
Victoria Hoi An Beach Resort & Spa	1,253,867.3	1.0	0.1	92.0	1,153,557.9	119,102.6
Victoria Phan Thiet Beach Resort & Spa	630,503.7	1.0	0.1	86.0	542,233.2	590,041.4
Victoria Sapa Report	784,500.3	1.0	0.1	83.0	651,135.2	76,031.2

	Rooms per outlet	Sales per room (Local currency)
Caravelle	335.0	3,155,091,465.7
First hotel	108.0	5,946,311,111.1
Furama Resort Danang	198.0	1,249,243,939.4
Golden Sand Resort Hoi An	102.0	1,606,389,215.7
Hanoi Horison Hotel	250.0	775,100,000.0
Majestic	175.0	4,216,173,714.3
Mithrin Hotel Ha Long	88.0	8,523,267,045.5
New World	538.0	1,805,817,843.9
Novotel Coralia Ocean Dune & Golf Resort	122.0	1,518,539,344.3
Novotel Dalat City Hotel	144.0	1,441,329,166.7
Novotel Garden Plaza Saigon Hotel	157.0	1,264,340,127.4
Rex	289.0	1,042,123,183.4
Saigon- HaLong hotel	228.0	2,103,124,561.4
Sheraton Saigon	472.0	3,249,712,415.3
Sofitel Dalat Palace Hotel	43.0	2,130,913,953.5
Sofitel Metropole Hanoi Hotel	232.0	1,377,212,931.0

Sofitel Plaza Hanoi Hotel	323.0	1,639,35 1,702.8
Sofitel Plaza Saigon Hotel	279.0	1,324,37 9,928.3
Song Hong- Song Huong Hotel	72.0	13,888.9
Thang Muoi Hotel	94.0	345,244, 680.9
Victoria Can Tho Resort	92.0	951,244, 565.2
Victoria Chau Doc Hotel	92.0	9,467,95 9,782.6
Victoria Hoi An Beach Resort & Spa	105.0	1,134,31 0,476.2
Victoria Phan Thiet Beach Resort & Spa	60.0	9,834,02 3,333.3
Victoria Sapa Report	77.0	987,418, 181.8

Source: Euromonitor International

Table 8 Forecast Travel Accommodation Sales by Sector: Value 2009-2014

VND bn

	2009	2010	2011	2012	2013	2014
Hotels	26,304.5	28,156.1	30,296.1	32,762.1	35,638.5	38,945.7
- Chained Hotels	21,025.3	22,539.1	24,274.6	26,240.8	28,523.8	31,148.0
- Independent Hotels	5,279.2	5,617.1	6,021.5	6,521.3	7,114.7	7,797.7
Other Travel Accommodation	5,575.9	5,660.4	5,770.6	5,900.6	6,058.4	6,250.6
- Campsites	-	-	-	-	-	-
- Chalets	-	-	-	-	-	-
- Guesthouses	3,646.9	3,665.1	3,694.4	3,727.7	3,768.7	3,825.2
- Hostels	-	-	-	-	-	-
- Motels	974.5	994.0	1,017.8	1,047.4	1,083.0	1,126.3
- Private Accommodation	-	-	-	-	-	-
- Self-Catering Apartments	154.3	154.6	154.9	155.4	156.0	156.9
- Other Other Travel Accommodation	800.2	846.6	903.4	970.2	1,050.7	1,142.1
Total	31,880.4	33,816.5	36,066.6	38,662.8	41,696.9	45,196.3

Source: Euromonitor International

Table 9 Forecast Travel Accommodation Outlets by Sector: Units 2009-2014

outlets

	2009	2010	2011	2012	2013	2014
Hotels	3,675	3,762	3,860	3,968	4,091	4,234
- Chained Hotels	1,660	1,693	1,727	1,762	1,799	1,839
- Independent Hotels	2,015	2,069	2,133	2,206	2,292	2,395
Other Travel Accommodation	846	868	892	922	955	996
- Campsites	-	-	-	-	-	-
- Chalets	-	-	-	-	-	-
- Guesthouses	272	278	285	294	305	318
- Hostels	-	-	-	-	-	-
- Motels	103	107	111	117	123	131
- Private Accommodation	-	-	-	-	-	-
- Self-Catering Apartments	13	13	13	13	13	13
- Other Other Travel	458	470	483	498	514	534

Accommodation						
Total	4,521	4,630	4,752	4,890	5,046	5,230

Source: *Euromonitor International*

Table 10 Forecast Travel Accommodation Sales: Internet Transaction Value 2009-2014

VND bn

	2009	2010	2011	2012	2013	2014
Internet	2,122.9	2,202.0	2,300.6	2,431.2	2,593.0	2,785.8
- Direct Suppliers	1,594.4	1,648.6	1,717.9	1,812.3	1,926.5	2,063.3
- Intermediaries	528.5	553.4	582.7	618.8	666.5	722.5
Others	29,757.4	31,614.5	33,766.1	36,231.6	39,103.9	42,410.5
Total	31,880.4	33,816.5	36,066.6	38,662.8	41,696.9	45,196.3

Source: *Euromonitor International*

Table 11 Hotel Value Sales and Outlets by Price Platform 2008/2009

% share and actuals

Unit for actuals	Type	2008 % of category	2009 % of category	2008 actuals	2009 actuals
VND million	Luxury	18.4	20.9	5,672,993	5,497,632
VND million	Mid-priced	32.2	34.5	9,927,738	9,075,038
VND million	Budget	49.4	44.6	15,230,753	11,731,789
Number of outlets	Luxury	1.2	1.3	43	48
Number of outlets	Mid-priced	32.0	38.0	1,137	1,397
Number of outlets	Budget	66.8	60.7	2,372	2,231

Source: *Euromonitor International*